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Audit of the Movable Cultural Property Program

Office of the Chief Audit and Evaluation Executive
Audit and Assurance Services Directorate

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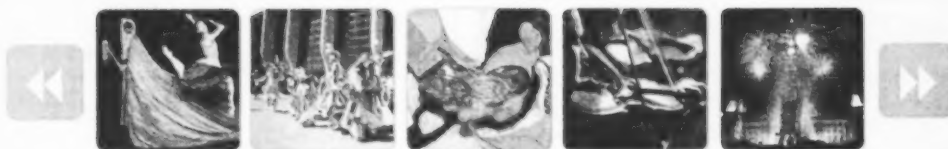


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Executive Summary

Introduction

The Department of Canadian Heritage (PCH) is responsible for implementing the 1970 United Nations Educational, Scientific and Cultural Organization (UNESCO) *Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property* (which Canada ratified in 1978).

In order to better ensure the preservation in Canada of significant examples of cultural, historic and scientific heritage, the Government of Canada enacted legislation to prevent the uncontrolled export of such cultural property. The Canadian *Cultural Property Export and Import Act* (Act) came into force on September 6, 1977 and is administered by the Movable Cultural Property Program (MCP) and the Canadian Cultural Property Export Review Board (Board) through distinct components: Exports, Imports, Designation, Certification, and Grants. The Act addresses all five components of the Program and, in short, regulates the import and export of cultural property and provides special tax incentives to encourage Canadians to donate or sell important objects to public institutions in Canada.

MCP's annual operating budget is approximately \$1.3M per annum (\$400k in goods and services, and \$900k in salaries) and also has approximately \$1.2M to fund artifact purchases by designated institutions in the form of grants. On average over the last three years, \$102 million in cultural property reimbursable tax credits were determined by the Board. MCP investigates 40 to 50 cases annually of potential illegal imports and/or exports of cultural goods; and, anywhere from 10 to 25 designation applications are assessed annually. Furthermore, Canada Border Services Agency (CBSA) issues, in compliance with the act, approximately 400 to 500 cultural property export permit applications per annum.

Key Findings

Through audit fieldwork, the audit team observed several examples of how controls are properly designed and being applied effectively within the Program:

- Basic Program design documents are in place for the Program (e.g., Treasury Board Submission, Business Plan) and adequately reflect the Program's five components and their objectives;
- A clear link is made between Program objectives and objectives of the Department (e.g., in the Business Plan, Reports on Plans and Priorities, Departmental Performance Report);
- Many of the Program staff have been with the Program for a number of years, are very knowledgeable and passionate about the Program and its objectives, and are committed to implementing improvements within the Program;

- Roles and responsibilities of MCPP's stakeholders (e.g., CBSA, the Board) are well defined, documented and understood; and,
- Performance information is available in the Program's Annual Report which provides significant insight into the Program's achievements / activities.

Recommendations

Here are the recommendations:

1. The Executive Director, Heritage Group, should review the Project Grid and develop a plan to monitor these initiatives on an on-going basis.
2. The Executive Director, Heritage Group, should develop reasonable and achievable service delivery standards for the Program, communicate these standards to stakeholders, and monitor the achievement of these service delivery standards on an on-going basis.
3. The Executive Director, Heritage Group, should ensure that information on the website is current and accurate, implement a process to review and update, on an on-going basis, information on the website and assess the feasibility of making all application forms available online.
4. The Executive Director, Heritage Group, should implement a formalized risk management process (aligned with Branch-level risk management activities) to re-evaluate, monitor, and report on risks in its RMAF / RBAF; and should review and update, on an on-going basis, Program risks and their mitigation strategies.
5. The Executive Director, Heritage Group, should communicate the importance of using GCIMS to all staff, and ensure that GCIMS is kept up-to-date and that its use is monitored for compliance.
6. The Executive Director, Heritage Group, should review the targets established in 2005 for the review of existing Category A institutions, to assess the feasibility of these targets, to revise them if needed, and develop a strategy to realize the review of Category A institutions in a reasonable timeframe.

Statement of Assurance

In my professional judgment as Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report. The opinion is based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed to with management. The opinion is applicable only to the entity examined and within the scope described herein. The evidence was gathered in compliance with Treasury Board policy, directives, and standards on internal audit and the procedures used meet the professional standards of the Institute of Internal Auditors. Sufficient evidence was gathered to provide senior management with the proof of the opinion derived from the internal audit.

Audit Opinion

Based on the work performed, the audit team has concluded that the Program is generally well controlled with moderate improvements required in the areas of: human resource planning, development of service delivery standards, risk management, stakeholder communication, usage of the grants and contribution management system (GCIMS), and the review of designated institutions.

Original signed by:

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With the assistance of external resources

1. Introduction and Context

1.1 Authority for the Project

The 2007-08 Risk-based Audit Plan of the Assurance Services Directorate, Corporate Review Branch (CRB), identified the requirement to conduct an internal audit of the Movable Cultural Property Program.

1.2 Background

The Department of Canadian Heritage is responsible for implementing the 1970 United Nations Educational, Scientific and Cultural Organization *Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property* (which Canada ratified in 1978). The purpose of this convention was to deter illicit traffic of cultural property internationally. Canada responded by becoming a State Party to the Convention and by developing her own enabling legislation.

The *Cultural Property Export and Import Act* was developed and came into force on September 6, 1977. The Act is administered by the Movable Cultural Property Program and the Canadian Cultural Property Export Review Board. This act regulates the import and export of Canadian cultural property and provides special tax incentives to encourage Canadians to donate or sell important Canadian objects to public institutions in Canada.

MCPP administers the Act through five distinct components, these are:

- 1) Exports: Regulation of the export of objects of cultural significance to Canada pursuant to the Act;
- 2) Imports: Initiates investigations concerning the importation of illegal cultural property into Canada; and returns illegally imported cultural property to its country of origin.
- 3) Designation: Designation of well-managed custodial institutions and public authorities for cultural objects. There are two categories of designations provided by the MCPP: 1) Category A - granted for an indefinite period; and, 2) Category B - granted exclusively in relation to the proposed acquisition of an object or collection;
- 4) Grants: Provision of grants to designated institutions to acquire cultural property; and,
- 5) Certification: Support provided to the Board to certify donations as cultural property for income tax purposes.

MCPP's annual operating budget is approximately \$1.3M per annum (\$400k in goods and services, and \$900k in salaries, 17 persons employed) and also has approximately \$1.2M to fund artifact purchases by designated institutions in the form of grants. On average over the last three years, \$102 million in cultural property reimbursable tax credits were

determined by the Board. MCPP investigates 40 to 50 cases annually of potential illegal imports and/or exports of cultural goods; and, anywhere from 10 to 25 designation applications are assessed annually. Furthermore, Canada Border Services Agency (CBSA) issues, in compliance with the Act, approximately 400 to 500 cultural property export permit applications per annum.

2. Objective(s)

The objectives of this audit were to provide PCH senior management with assurance that, for the MCPP:

- management controls, risk management frameworks and overall governance structure are effective and adequate; and,
- that procurement activities comply with policies and regulations.

3. Scope

The scope of this audit included governance, risk management and internal control processes in place for the Program between April 1, 2006 and March 31, 2008 and included all five components of the Program.

It is also important to note that the scope of the audit included only activities and responsibilities of MCPP. Though a sample of stakeholders were interviewed to gain their perspective / appreciation for the Program, activities performed by these stakeholders (e.g., CBSA) were not assessed during this audit.

4. Approach and Methodology

This internal audit of the MCPP was conducted following the Standards for the Professional Practice of Internal Auditing as per the Institute of Internal Auditors (IIA) and in accordance with the Federal Government Policy on Internal Audit.

The principal audit techniques used included:

- Use of PCH's standard audit program of Grants and Contributions (Gs and Cs) core controls;
- Interviews with stakeholders, management, and staff of the MCPP;
- Examination of supporting analysis and documentation used by the Program;
- Review of analysis, process mappings, and control documentation produced by the MCPP; and,
- Conducting an examination of a sample of files to evaluate the system of internal controls within the Program.

The approach used to address the audit objectives included the development of audit criteria against which observations, assessments and conclusions were drawn. Based on a combination of the evidence gathered through documentation examination, analysis, and

interviews, each of the audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined. The audit criteria and lines of enquiry developed for this audit are included in Appendix A.

5. Observations, Recommendations and Management Response

Where a significant difference between the audit criterion and the observed practice was found, the risk of the gap was assessed and used to develop a conclusion and document recommendations for future improvement initiatives.

Results of the audit fieldwork include both positive findings (i.e. observed strengths) and areas for improvement by program management. Details of the areas for improvement follow in this section.

5.1 People

5.1.1 Human Resource (HR) Planning

The audit team observed opportunities for improvement in the area of HR planning.

The audit team found evidence suggesting that the Program had difficulties in managing the existing workload. There were delays documenting Board decisions, completing Designation reviews and basic program administration. Prior to the start of the audit, it was identified that three additional staff were required to meet program demands. In early 2008, these three positions were filled. However, the Director position became vacant in April 2008 and was staffed in December of the same year. The audit team's opinion, which was acknowledged by the Program, is that delays were due to the learning curve experienced by new staff and that they had not been in their positions long enough to be functioning at full productivity.

Further, due to the number of initiatives being undertaken by the Program, a Project Grid was developed in early 2007-2008 which listed over 50 projects to be completed by the Program. In reviewing this Project Grid, the audit team found limited analysis to support the level of effort required to deliver on the initiatives, a lack of prioritization of these projects, and no start and end dates for all projects.

Risk Assessment

When resources are strained and projects are not prioritized and matched to existing resources, there is an increased risk that program objectives will not be met and projects will not be completed as planned.

Recommendation

1. The Executive Director, Heritage Group, should review the Project Grid and develop a plan to monitor these initiatives on an on-going basis.

Management Response

Agreed

5.2 Citizen Focussed Services**5.2.1 Service Delivery Standards**

The audit team observed opportunities for improvement in the development of service delivery standards for the Program since no delivery standards exists.

Risk Assessment

When service delivery standards have not been developed for a Program or there is insufficient communication of standards, there is increased risk that expected turnaround times will not be met which could ultimately affect the Program's ability to meet stakeholder expectations, impacting stakeholder satisfaction and the Program's overall reputation. Lack of standards also makes it difficult for managers and staff to adequately plan their work assignments.

Recommendation

2. The Executive Director, Heritage Group, should develop reasonable and achievable service delivery standards for the Program, communicate these standards to stakeholders, and monitor the achievement of these service delivery standards on an on-going basis.

Management Response

Agreed

5.2.2 Stakeholder Communication

The audit team observed an opportunity for improvement in the Program's process to review and update information on its website.

In reviewing information on the Program's website and based on discussions with stakeholders of the Program and the Program personnel, the audit team observed that information posted on the Program's website could be improved in that many key documents (e.g., export application forms, designation application form, examples of CCI forms) were not available online and some information was outdated (e.g., Designation procedures online date from 2000).

The audit team also found no formalized internal process to review information on the Program's website, which is the Program's main method of communicating with its stakeholders.

Risk Assessment

When the content of a Program's website is not regularly reviewed and updated, there is an increased risk that information communicated to stakeholders is outdated, which may cause confusion and potential conflicts for applicants. This could ultimately have an impact on stakeholder satisfaction and the Program's reputation.

Recommendation

3. The Executive Director, Heritage Group, should to ensure that information on the website is current and accurate, implement a process to review and update, on an on-going basis, information on the website and assess the feasibility of making all application forms available online.

Management Response

Agreed

5.3 Risk Management

5.3.1 Review and Update of Program Risks

The audit team observed an opportunity for improvement in the Program's process to monitor and update its risks and risk mitigation strategies as defined in its Result-Based Management Accountability Framework and Risk-Based Audit Framework (RMAF / RBAF).

The Program developed a RMAF / RBAF in response to a recommendation from its 2003-2004 audit. This RMAF / RBAF outlines the Program's "Risk Management Strategy" highlighting Program key risks, their rating and mitigation strategy (existing and proposed measures). Program staff reported that risk monitoring and mitigation form part of the Program's everyday activities; however, the audit team found that this process is informal and not documented.

Risk Assessment

When risk management strategies, as identified in the Program's RBAF are not regularly assessed and monitored, the risk that the Program will not meet its objectives increases. An informal process to review risk could lead to inadequate risk identification and mitigation strategies and some risks, currently faced by the Program, might be overlooked.

Recommendation

4. The Executive Director, Heritage Group, should implement a formalized risk management process (aligned with Branch-level risk management activities) to re-evaluate, monitor, and report on risks in its RMAF / RBAF; and should review and update, on an on-going basis, Program risks and their mitigation strategies.

Management Response

Agreed

5.4 Stewardship**5.4.1 Grants and Contributions Information Management System (GCIMS)**

The audit team observed an opportunity for improvement in the Program's use of GCIMS.

GCIMS is the departmental grants and contributions (Gs and Cs) management system which must be used by all grants and contribution (Gs and Cs) programs to capture all steps involved in the Gs and Cs project management process, from the time a file is first opened by an Officer to the time the file is officially closed. The system is intended to provide the Minister with an overview of the Department's Gs and Cs.

Based on interviews and testing, the MCPPE does not use GCIMS for the entire Gs and Cs process as it is only used for the up-front / approval portion of the Program's grant application process (e.g., to produce the Recommendation for Approval Form (RAF)).

Risk Assessment

If information in the GCIMS database is not up-to-date, there is an increased risk that inappropriate decisions and / or conclusions are made based on inaccurate information contained in the system.

Recommendation

5. The Executive Director, Heritage Group, should communicate the importance of using GCIMS to all staff, ensure that GCIMS is kept up-to-date and that its use is monitored for compliance.

Management Response

Agreed

5.4.2 Designated Institution Reviews

The possibility of Category A designated institutions no longer meeting Program requirements was identified as a risk within the Program's 2005 RMAF/RBAF. Environmental standards for institutions have evolved since the Program's inception in 1977 and those having applied in the 1970s may not meet today's standards.

Many of the Program's Category A designated institutions have been designated for a number of years and have never undergone a review to ensure that they still meet designation requirements. The Program initiated a review process in 2000, which was formalized in 2005 through an official "Notice" sent to designated institutions. The Notice proposed a ten-year cycle to complete the review of the approximately 250 Category A designated institutions, with priority to be given to those institutions that make frequent applications for certification and/or grants. Institutions were advised that the review process could take up to two years. Factors influencing the length of the process include the need for data covering institutional environmental conditions for a full twelve month period and the need to analyze this data.

Based on interviews and a review of the Program's documentation to track review requests, the audit team noted that since 2005, MCPP has asked 68 institutions to provide a renewed application for Category "A" designation. To date 51 have responded and only 4 (or 8%) of the reviews undertaken by the Program have been completed. Based on file testing, the audit team noted that this process took anywhere from 18 to over 22 months to complete.

The audit team noted that the targets, risk criteria and service standards were not documented in the Program's management systems although the Notice was published on the Web site. The team also did not find a documented process to analyse or remedy the limited progress in meeting the stated target of 25 completed reviews annually.

Risk Assessment

If the process to review designated institutions is not risk-based and effective, there is an increased risk that the Program will not meet its objectives. This ultimately increases the risk that designated institutions no longer meet Program requirements and are unable to adequately preserve objects of significant importance to Canada.

Recommendation

6. The Executive Director, Heritage Group, review the targets established in 2005 for the review of existing Category A institutions, to assess the feasibility of these targets, to revise them if needed, and develop a strategy to realize the review of Category A institutions in a reasonable timeframe.

Management Response

Agreed



Appendix A – Audit Criteria

The conclusions reached for each of the audit criteria used in the audit were developed according to the following definitions.

Numerical Categorization	Conclusion on Audit Criteria	Definition of Conclusion
1	Well Controlled	<ul style="list-style-type: none"> - well managed, no material weaknesses noted; and - effective and sustainable.
2	Controlled	<ul style="list-style-type: none"> - well managed, but minor improvements are needed; and - effective and sustainable.
3	Moderate Issues	<p>it has moderate issues requiring management focus (at least one of the following two criteria need to be met):</p> <ul style="list-style-type: none"> - control weaknesses, but exposure is limited because likelihood of risk occurring is not high; - control weaknesses, but exposure is limited because impact of the risk is not high.
4	Significant Improvements Required	<p>requires significant improvements (at least one of the following three criteria need to be met):</p> <ul style="list-style-type: none"> - financial adjustments material to line item or area or to the department; or - control deficiencies represent serious exposure; or - major deficiencies in overall control structure.

The following are the audit criteria and examples of key evidence and/or observations noted which were analyzed and against which conclusions were drawn. In cases where significant improvements (4) and/or moderate issues (3) were observed, these were reported in the audit report, and the exposure risk is noted in the table below.

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
1	Key documents properly articulate the linkages between MCPP and departmental objectives and priorities.	1	<ul style="list-style-type: none"> • <i>Observation:</i> Many documents produced by the Program (and the Branch) successfully link MCPP objectives and initiatives to departmental priorities. • <i>Evidence:</i> Interviews, and review of supporting documentation (e.g., Treasury Board submissions, PCH's report on Plans and Priorities (RPP), Departmental Performance Reports (DPR), the Program's Annual Report, RMAF / RBAF, and the Cultural Property Export and Import Act).
2	A plan has been developed to periodically re-assess the program design and adjust as required.	2	<ul style="list-style-type: none"> • <i>Observation:</i> There is evidence to support that the Program has recently re-assessed its design (e.g., review of the Act); however, a more "formal plan" to conduct these re-assessments could be developed. • <i>Evidence:</i> Interviews, review of

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
			documentation regarding the on-going consultation with stakeholders on renewing the Act, the Program's project Grid.
3	Expected results are clearly defined and a plan to measure and demonstrate results is followed.	2	<ul style="list-style-type: none"> <i>Observation:</i> Performance indicators are clearly defined in the Program's RMAF / RBAF and Annual Report; however, not all measures are reported upon (mainly those relating to outreach). <i>Evidence:</i> Interviews, review of RMAF / RBAF and Annual Report.
4	<p>Available human resources and competencies are reviewed and match those required to deliver the Program.</p> <p>Capabilities and resources required to analyze information are available and applied.</p>	3	<ul style="list-style-type: none"> <i>Observation:</i> Evidence suggested that current staff had been experiencing difficulties in prioritizing their work. <i>Evidence:</i> Interviews, reviews of the Program's Project Grid and organizational chart.
5	Standard operating procedures for service delivery and systems to ensure quality have been developed.	3	<ul style="list-style-type: none"> <i>Observation:</i> No service delivery standards were developed for the Program and improvements of the documentation of the database are still ongoing.

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
			<ul style="list-style-type: none"> <i>Evidence:</i> Interviews, review of the Program's Project Grid, Branch Business Plan and procedural documentation.
6	An appropriate governance structure and mechanisms are in place and being followed to ensure sound decisions are made (e.g. equitable, transparent, and justifiable).	2	<ul style="list-style-type: none"> <i>Observation:</i> The Program appeared to have sufficient mechanisms in place to manage its activities; however, improvements could be made to the Program's budget reports. <i>Evidence:</i> Interviews, review of meeting agendas and budget spreadsheets.
7	Information collected is useful for re-considering the design of programs, and meets the needs of accountability reporting as defined by stakeholders and Management (e.g. expected results vs. actual results).	2	<ul style="list-style-type: none"> <i>Observation:</i> Performance information is available on the Program's website and Annual Report; however, mechanisms to seek feedback from stakeholders are informal. <i>Evidence:</i> Interviews, review of the Program's Annual Report, RPP, DPR.
8	Program reports fairly present results.	1	<ul style="list-style-type: none"> <i>Observation:</i> The Program produces detailed reports which are reviewed by the Program's A/Director, Executive Director, and the Minister. Interviews, review of the Annual Report, DPR, RPP.

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
9	Reports on performance are routinely shared with the appropriate stakeholders and the usefulness of reports is demonstrated.	1	<ul style="list-style-type: none"> • <i>Observation:</i> Performance information is available on the Program's website and this information is useful in assessing the Program's performance. • <i>Evidence:</i> Interviews, review of the Annual Report, DPR, RPP.
10	The process to select and engage subject matter experts is clear, documented and provides PCH with a sufficient level of independence.	1	<ul style="list-style-type: none"> • <i>Observation:</i> The mandate and roles of expert examiners are clear. • <i>Evidence:</i> Interviews, procedural documentation, export delay forms, file review.
11	Procurement activities are conducted in compliance with applicable policies and procedures.	2	<ul style="list-style-type: none"> • <i>Observation:</i> Only one minor exception was noted during testing. • <i>Evidence:</i> Testing.
12	A mechanism exists to systematically identify, assess, monitor and report on risks facing the Program.	3	<ul style="list-style-type: none"> • <i>Observation:</i> The Program does not have a systematic / defined process to review / update its risks and risk mitigation strategies defined in its RMAF / RBAF. • <i>Evidence:</i> Interviews, review of the RMAF / RBAF.
13	The characteristics and size of the population of potential Grant applicants are known.	2	<ul style="list-style-type: none"> • <i>Observation:</i> The characteristics and size of the population of potential Grant

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
			<p>applicants are known; however, the Program could benefit from reviewing and updating its email listing.</p> <ul style="list-style-type: none"> • <i>Evidence:</i> Interviews, review of the Program's email listing and emails sent to designated institutions.
14	An appropriate method of public communication is used to inform potential Designation and Grant applicants and its effectiveness is periodically reassessed.	3	<ul style="list-style-type: none"> • <i>Observation:</i> The Program does not currently have a process to review information on its website on a regular basis. • <i>Evidence:</i> Interviews, review of the Program's website.
15	The public communication clearly explains who is eligible to become a Designated Institution (both Category A and B) and receive a Grant under the Program.	1	<ul style="list-style-type: none"> • <i>Observation:</i> Public communication clearly explains who is eligible to become a Designated Institution and receive a Grant under the Program. • <i>Evidence:</i> Interviews, review of application forms and information on the Program's website.
16	Grant and Designation application forms are readily available, easy to complete, and request all and only information needed to assess eligibility.	2	<ul style="list-style-type: none"> • <i>Observation:</i> Based on interviews and documentation review, application forms are practical; however, the Program could benefit from making all of its forms available

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
			<p>online.</p> <ul style="list-style-type: none"> • <i>Evidence:</i> Interviews, review of application forms, file review.
17	Designation and Grant applications are completed with reasonable and equitable PCH assistance.	1	<ul style="list-style-type: none"> • <i>Observation:</i> Based on the review of files, Designation and Grant applications are completed with reasonable and equitable PCH assistance. • <i>Evidence:</i> Interviews, file review.
18	All Grant applications submitted (complete or not complete) are accurately recorded in GCIMS.	3	<ul style="list-style-type: none"> • <i>Observation:</i> Information in GCIMS is not always up-to-date as it is currently only being used by the Program for the up-front approval process. • <i>Evidence:</i> Interviews, file review.
19	All Designation applications submitted are tracked in the MCPP database.	1	<ul style="list-style-type: none"> • <i>Observation:</i> All Designation applications tested were recorded in the MCPP database. • <i>Evidence:</i> Interviews, file review.
20	Designation and Grant applications are consistently assessed against approved eligibility criteria. When greater diligence is required, additional review procedures exist and are followed.	2	<ul style="list-style-type: none"> • <i>Observation:</i> Files reviewed had evidence of an eligibility assessment on file; however, minor file management issues were noted. • <i>Evidence:</i> Interviews, file review.

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
21	All successful applications for a Designation and or / a Grant are approved by the Minister.	1	<ul style="list-style-type: none"> • <i>Observation:</i> All files tested showed adequate evidence of Ministerial approval on file. • <i>Evidence:</i> Interviews, file review.
22	Designation and Grant applications that are rejected are recorded and contain appropriate evidence of analysis and rationale.	2	<ul style="list-style-type: none"> • <i>Observation:</i> Rejected files tested contained adequate rationale; however, the Program could benefit from sending formal letters to all rejected applicants. <i>Evidence:</i> Interviews, file testing.
23	Upon successful completion of a Designation and / or Grant application, project files are closed and paper files archived.	2	<ul style="list-style-type: none"> • <i>Observation:</i> MCPP has a file management policy that is followed; however, as was previously mentioned, files are not always closed in GCIMS. • <i>Evidence:</i> Interviews, file review.
24	Those with financial authority certify that sufficient funds are available in the program budget and the funds are committed before forwarding recommendations for approval by the Minister under FAA Section 32).	1	<ul style="list-style-type: none"> • <i>Observation:</i> All APF forms tested were approved under Section 32 by the Program's A/Director. • <i>Evidence:</i> Interviews, file testing.
25	Recommendations (e.g. RAF) include adequate rationale, demonstrate the recipient's capacity to perform, their need for funding (e.g. 50%), and	1	<ul style="list-style-type: none"> • <i>Observation:</i> Based on our file testing, all files (when required) had completed RAFs on file. • <i>Evidence:</i> Interviews,

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
	assessment of their financial viability.		file review.
26	Requests for payment (cheque issuance) are issued only following confirmation of: <ul style="list-style-type: none"> Ministerial approval; and, Receipt of the proof of purchase. 	2	<ul style="list-style-type: none"> <i>Observation:</i> No issues were noted during file testing; however, it was noted that the Program could benefit from documenting site visits / verifications performed. <i>Evidence:</i> Interviews, file review.
27	Where inappropriate payments have been detected, corrective actions are promptly taken.	1	<ul style="list-style-type: none"> <i>Observation:</i> Since MCPP requires proofs of purchase before payments are made, inappropriate payments are uncommon. <i>Evidence:</i> Interviews, file review.
28	All payments are recorded accurately in SAP and in the proper period.	2	<ul style="list-style-type: none"> <i>Observation:</i> No issues were noted during file testing; however, the Program could benefit from evidencing all reviews of SAP reports. <i>Evidence:</i> Interviews, review of Program financial reports
29	The process for the review of all Designated institutions is clear, documented, understood by staff, risk-based and effective.	4	<ul style="list-style-type: none"> <i>Observation:</i> Since 2005, only 4 reviews have been completed (of 51 replies). Further, criteria used to select institutions for reviews, were not documented. <i>Evidence:</i> Interviews, file review.

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
30	There is a clearly defined process for the review and update of the <i>Canadian Cultural Property Control List</i> ("Control List") to ensure that it reflects requirements of the <i>Cultural Property Export and Import Act</i> ("Act").	2	<ul style="list-style-type: none"> • <i>Observation:</i> Though changes are infrequent, no process was found to review the <i>Canadian Cultural Property Control List</i> ("Control List") on a periodic basis to ensure values are reasonable / up-to-date. • <i>Evidence:</i> Interviews, review of the Control List and Act.
31	There is an appropriate process for the communication and training on the requirements of the Act and the Control List to stakeholders (e.g. CBSA).	2	<ul style="list-style-type: none"> • <i>Observation:</i> Though it is not one of MCPP's formal responsibilities, it was noted that the Program could benefit from discussing training requirements with its stakeholders and ensuring that appropriate mechanisms are in place to ensure that required training is provided. • <i>Evidence:</i> Interviews, review of permit issuing officer training manual, MOU.
32	The Program's relationship with CBSA is well managed. Roles and responsibilities are well defined, documented and communicated. Both parties are sufficiently aware of their roles, and ongoing communication is assured	1	<ul style="list-style-type: none"> • <i>Observation:</i> Roles and responsibilities are clearly defined in the Act and the MOU, and are clearly understood. • <i>Evidence:</i> Interviews, review of the Act and MOU.

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
	between both parties.		
33	<p>There is a clearly documented process for the assessment of potentially illegal imports. When subject matter expertise is required, additional procedures exist and are followed.</p> <p>There is a clearly documented process for initiating import and export investigations.</p>	1	<ul style="list-style-type: none"> • <i>Observation:</i> There is a clearly documented process for import and export investigations. • <i>Evidence:</i> Interviews, review of procedural documentation and file review.
34	Roles and responsibilities of the Canadian Cultural Property Export Review Board (versus MCPP) are well defined, documented and communicated. The appropriate level of independence is maintained between the Board and PCH.	1	<ul style="list-style-type: none"> • <i>Observation:</i> Roles and responsibilities are well documented in the Act and all parties appear to understand their roles and responsibilities. • <i>Evidence:</i> Interviews, review of the Act, file review.
35	Clearly documented processes and tools exist to help the Program prepare files / requests for review by the Board.	1	<ul style="list-style-type: none"> • <i>Observation:</i> All Certification files reviewed were well documented and followed the prescribed process. • <i>Evidence:</i> Interviews, file review.
36	All requests for Certification are entered and tracked in the MCPP database.	1	<ul style="list-style-type: none"> • <i>Observation:</i> All files tested were accurately recorded in the database. • <i>Evidence:</i> Interviews, file review.

